

Message Text

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ACTION SS-30

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O R 031810Z SEP 74

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC IMMEDIATE 4794

INFO USMISSION NATO

AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

C O N F I D E N T I A L REYKJAVIK 1216

EXDIS

EO 11652: XGDS-1

TAGS: PFOR MARR IC NATO

SUBJECT: IDF RETENTION NEGOTIATIONS - CONVERSATION WITH
FOREIGN MINISTER

REF: REYKJAVIK 1209

1. BEGIN SUMMARY: FONMIN EINAR AGUSTSSONS VIEWS COINCIDE
WITH THOSE EXPRESSED TO ME BY PRIME MINISTER YESTERDAY
(REFTTEL). HE WANTS AN EARLY SETTLEMENT OF IDF RETENTION
ISSUE "IN TIME FOR USG TO SEEK NECESSARY FUNDS FOR CON-
STRUCTION PROJECTS TO COMMENCE NEXT YEAR." HE IS CONTENT
TO LIMIT MILITARY REDUCTION TO 420 WITH UNDERSTANDING RE-
DUCTION WILL BE PHASED IN ACCORDANCE WITH AVAILABILITY
ICELANDIC LABOR. FOR "FACE-SAVING" HE INSISTS USG MUST
REPLY TO APRIL GOI PROPOSALS BUT WOULD BE SATISFIED WITH
AN ORAL (RPT ORAL) REPLY BY UNDER SECRETARY SISCO,
WHICH HE SUGGESTS TAKE PLACE IN EITHER WASHINGTON OR
NEW YORK BETWEEN SEP 22 AND SEP 29. MILITARY AND
CIVILIAN AIRPORT SEPARATION WILL BE STICKY PROBLEM, BUT
NEED NOT NECESSARILY HOLD UP ACTION TO REVOKE ARTICLE VII
INVOCATION IF USG AND ICELAND CAN AGREE IN PRINCIPLE
THAT INVOLVES "SOME DEGREE" (UNDEFINED) OF USG FINANCIAL
COMMITMENT. END SUMMARY.

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2. I HAD CONGENIAL HOURS PRIVATE MEETING WITH FONMIN THIS MORNING. HE ASKED ME TO CONVEY THANKS TO SECRETARY AND TO UNDER SECRETARY SISCO FOR THEIR KIND WORDS ON HIS REMAINING AS FONMIN. HE SAID HE WAS ESPECIALLY APPRECIATIVE OF THEIR ATTITUDE IN VIEW OF THE "UNPLEASANT" ACTIONS HE HAD TO TAKE UNDER THE LEFTIST GOVT. I ASSURED HIM SECRETARY AND UNDER SECRETARY UNDERSTOOD SITUATION AND IMPORTANT THING WAS HIS PRESENT COOPERATIVE ATTITUDE.

3. FONMIN SAID HE WAS READY TO TAKE ACTION TO CANCEL ARTICLE VII INVOCATION AND ASKED FOR MY ADVICE ON HOW TO GO ABOUT DOING THIS. I GAVE HIM SAME REPLY I GAVE PRIMEMIN (PARA 3 REFTEL). HE REPLIED THAT BEFORE HE DOES THIS HE WOULD LIKE US TO EASE HIS TRANSITION FROM FONMIN OF LEFTIST GOVT TO FONMIN OF PRESENT GOVT. SUBSEQUENT CONVERSATION DEVELOPED THAT HE WANTS A USG REPLY TO APRIL PROPOSALS AND ONE MORE MEETING WITH US CHIEF NEGOTIATOR (UNDER SECRETARY SISCO) SO THAT IT WOULD APPEAR TO BE A CONTINUATION OF NEGOTIATIONS WHICH HE INITIATED LAST YEAR. HE SAID THIS POINT VERY IMPORTANT. DEFENSE PLATFORM READS "NEGOTIATIONS ON DEFENSE ARRANGEMENTS SHALL BE CONTINUED," ETC. IN RETURN FOR GIVING UP INCLUSION OF THE WORDS "CONSIDERABLE REDUCTION OF MILITARY PERSONNEL" IN PLATFORM HE EXACTED CONCESSION FROM INDEPENDENCE PARTY FOR INCLUSION OF WORDS "NEGOTIATIONS---SHALL BE CONTINUED." HE SAID THE NEGOTIATIONS CAN BE ACCOMPLISHED "IN A COUPLE OF HOURS INVOLVING ONLY A SINGLE DAY --- EVEN DURING A LUNCHEON MEETING." HE SAID HE WOULD WANT HANS ANDERSEN AND ME TO ACCOMPANY HIM AND THAT HE WOULD EXPECT THE TWO OF US TO WRITE THE SCENARIO "AS BEFORE IN APRIL." REGARDING USG REPLY TO APRIL PROPOSALS, I REMARKED WRITTEN REPLY WOULD TAKE TOO LONG AND WONDERED WHETHER HE WOULD ACCEPT AN ORAL REPLY DURING THE MEETING IF SUCH A MEETING CAN BE ARRANGED. THIS WAS QUITE AGREEABLE TO HIM. I TOLD FONMIN I COULD, OF COURSE, MAKE NO COMMITMENTS BUT WOULD CONVEY ALL OF THIS TO UNDER SECRETARY SISCO.

4. WITH REGARD TO NUMBERS OF MILITARY REDUCTIONS, FONMIN SAID OUR APRIL 1974 OFFER OF 420 WAS ACCEPTABLE, AND
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AGREED THAT PHASEDOWN OF THIS NUMBER WOULD DEPEND ON AVAILABILITY OF ICELANDIC MANPOWER. HE SAID THE CONSTRUCTION PROGRAM ENVISAGED IN THE PLATFORM WAS THE MORE SIGNIFICANT ASPECT. IN RESPONSE TO MY QUESTION AS TO HOW HE TODAY DEFINES THIS ASPECT OF THE PLATFORM, HE REPLIED THE ON-BASE HOUSING PROGRAM AND SEPARATION OF THE AIRPORTS. HE ASKED ME IF I HAD ANY IDEAS ON HOW TO ACCOMPLISH THE LATTER. HE SAID ICELAND WAS BROKE; THEY

DID NOT HAVE THE FUNDS. I SUGGESTED HE HAVE THE FRENCH PLAN FOR CONSTRUCTION OF A NEW CIVILIAN AIRPORT REVIEWED IN THE LIGHT OF A MORE REALISTIC PROGNOSIS OF FUTURE TRAFFIC AND HE MIGHT FIND ICELAND WOULD BE ABLE TO FINANCE A SMALLER AIRPORT, WHICH CAN LATER BE EXPANDED IF TRAFFIC WARRANTED. HE THEN ASKED ME TO THINK, TOO, ABOUT SOME USG FINANCIAL INVOLVEMENT " IN ADDITION TO BUILDING THE NEW ACCESS ROAD" (THESE WORDS WERE HIS INITIATIVE). I REPLIED THAT I WOULD CONVEY HIS VIEWS TO WASHINGTON BUT I HOPED THIS "DEMAND" WHICH I LABELED "NEW" WOULD NOT HOLD UP A FINAL SETTLEMENT OF THE DEFENSE ISSUE. HE REPLIED IT WOULD NOT NECESSARILY HAVE TO IF WE COULD REACH AN AGREEMENT IN PRINCIPLE ON A JOINT FINANCIAL VENTURE.

5. WE SPENT A FEW MINUTES TALKING ABOUT THE DEFENSE COUNCIL STRUCTURE AND ITS RESPONSIBILITIES. I EXPRESSED HOPE THAT NEW GOVT WOULD NOT DISTRIBUTE THE COUNCILS RESPONSIBILITIES AMONG THE VARIOUS MINISTRIES, AS THE LAST GOVT IN ITS DYING DAYS PLANNED TO DO BUT DID NOT IMPLEMENT. HE REPLIED THAT IT WAS HIS INTENTION TO RESCIND THAT PLAN AND TO KEEP THE COUNCIL INTACT UNDER HIS MINISTRY, BUT HE MIGHT WANT TO CHANGE SOME OF THE ICELANDIC MEMBERS.

6. I TOOK OPPORTUNITY TO RAISE WITH FONMIN REMOVAL OF THE OFF-BASE UNIFORM RESTRICTION ON MILITARY PERSONNEL AND REQUESTED IT BE REMOVED ENTIRELY AND NOW. FONMINS FRIENDLY ATTITUDE THAT PREVAILED DURING OUR CONVERSATION CHANGED WITH A RESOUNDING NEGATIVE REPLY. WE SPENT A FULL 15 MINUTES ON THIS POINT BEFORE HE AGREED TO AT LEAST CONSIDER A PHASEOUT OF THE RESTRICTION, GRADE AT A TIME (FYI, LOWEST THREE ENLISTED GRADES MUST WEAR UNIFORMS WHEN OFF DUTY OFF THE BASE, EXCEPT UNDER VERY FEW CONFIDENTIAL

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CIRCUMSTANCES). I TOLD FONMIN I WOULD "HOUND" HIM UNTIL I RECEIVED SOME SATISFACTION ON THIS POINT; THAT I FELT THE MATTER COULD BE HANDLED INFORMALLY AND UNOBTRUSIVELY; AND THAT SINCE I KNEW HE PERSONALLY ABHORRED THE RESTRICTION, HE OUGHT TO BE GOVERNED BY HIS PERSONAL FEELINGS IN THE MATTER.

7. OUR MEETING ENDED BY HIS ASKING ME TO KEEP OUR CONVERSATION IN STRICT CONFIDENCE.

8. COMMENT: I REAFFIRM THE COMMENTS IN REFTEL. I HOPE A MEETING CAN BE ARRANGED DURING TIME PERIOD SUGGESTED BY FONMIN. HE IS SCHEDULED TO DELIVER UNGA SPEECH AFTERNOON SEP 30 BUT PLANS TO DEPART FOR NEW YORK SEP 20 AND REMAIN THERE ENTIRE WEEK. FONMIN IS WILLING TO BE

FLEXIBLE AS TO TIME DURING THAT PERIOD.

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